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Report Highlights:

Higher copra production and abundant global vegetable oil supplies have dragged down copra prices in MY00/01. Copra output and exports the following year will likely decline because of this. Oilseed imports through 2002 will decline but imports of oilmeals and oils are expected to increase.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Manila [RP1], RP

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Executive Summary

Coconut oil exports will surge as copra supply improves through MY00/01. An abundance of vegetable oils in the world market, however, have depressed copra prices to historic lows and copra production will likely decline the following year or in MY01/02. Because of the high global vegetable oils supply, local soybean crushers have been operating below capacity as they encounter difficulty in marketing their extracted oil. Soybean crush, which has been below actual capacity, is expected to further decline in 2001 and will likely remain flat in 2002 compared to the previous year. Because of this, soybean imports are likewise expected to decline in 2001 and remain flat in 2002. Imports of cheaper soybean meal (SBM) and soybean oil (SBO), on the other hand, are expected to increase through 2002. U.S. SBM is expected to encounter stiff competition from other soybean suppliers.

Production, Oilseeds

Post is sticking with its copra production estimates through MY01/02 as provided in RP1005. Philippine oilseed production will increase in MY00/01 compared to the previous year as copra production accelerates its recovery from the negative effects of the El Nino drought in 1998 due to adequate rainfall in 1999. Improved copra production coupled with an international oversupply of vegetable oils, however, will continue to bear down on copra buying prices during the year. Average copra export prices as recorded by the United Coconut Associations of the Philippines, Inc. (UCAP) have been declining for the entire calendar year 2000.

For MY01/02, copra production will likely decline to below the 2 million tons level as coconut palms “rest” after two consecutive productive years coupled with the low copra prices which are expected to extend through the year. Copra farm prices reportedly now average P3 (\$0.06) to P4 (\$0.08) per kilo which is below the claimed break-even-point of P5 (\$0.10) per kilo. In response the GOP has crafted rehabilitation programs for distressed farmers.

For soybeans, figures for calendar year 2000 were reconciled with the feedback numbers except for area planted which was adjusted downwards. Significant increases of cheaper imported beans have forced farmers to shift to other crops. For 2001, area planted will remain flat compared to the 2000 level. The remaining area represents the farms being maintained by small village-type food manufacturers which prefer fresh soybeans for their soybean curd, soya milk, tofu, and other soybean-based processed food production. No dramatic change in soybean production is expected in the next 3 to 5 years.

Consumption, Oilseeds

Copra crush was adjusted upwards starting MY99/00 through MY00/01 due to improved copra supply but is estimated to have attained roughly only half of the over 5 MMT total national copra crush capacity during the latter year. After operating intermittently for about a year, most CNO oil mills finally resumed full operations in the second half of 2000. Copra crush during the year would have been higher had it not been for limited storage space both for copra and CNO as a result of the oversupply of vegetable oils in the world market (see STOCKS, Oils). Consumption the following year or in MY01/02 will likely decline compared to the previous year's level due to expected decline in copra output as well as high copra and coconut oil (CNO) stocks. There were losses due to spoilage in MY99/00 through MY01/02 as some coconut farmers will likely abandon their copra as a result of the very low prices.

Soybean crush in 2001 was adjusted downwards as a result of oversupply of vegetable oils which have limited oil extraction operations of the three domestic crushers. Hui-Shing Philippine Corp. (HSPC), the newest and largest soybean crusher, according to industry contacts, is operating way below its actual capacity. Soybean crush demand for 2002 will likely remain flat compared to its year-ago level as local crushers contend with the high global oil supply.

Demand for soybeans as food was also adjusted downwards starting 2001 through 2002 as a result of scare tactics employed by local anti-biotechnology groups on the consumption of GMO's.

Trade, Oilseeds

According to preliminary data from the National Statistics Office (NSO) there were 2,750 tons of copra exported in 2000, up from a single ton exported the year before as recorded by the UCAP.

Export Trade Matrix			
Country	Philippines		
Commodity	Oilseed, Copra		
Time period	Jan-Dec	Units:	Tons
Exports for:	1999		2000
U.S.		U.S.	
Others		Others	
Germany	1	Japan	2650
		Singapore	100
Total for Others	1		2750
Others not Listed			
Grand Total	1		2750

Source: National Statistics Office & United Coconut Associations of the Philippines, Inc.

Although Post used numbers consistent with the feedback figures, soybean imports in 2000 as recorded by the NSO were significantly down from Post's earlier estimate. Instead of a considerable increase as earlier projected bean imports were 5 percent lower than the previous year based on preliminary figures from the NSO. According to the same source the U.S. had an 87 percent share of all soybean imports during the year.

The local American Soybean Association (ASA) office also monitors soybean arrivals at the major ports of the country. It estimates bean imports to be around 290,000 tons in 2000. The discrepancy between the figures of NSO and the ASA is not unusual as the majority of the beans enter the country, free of duty in Export Processing Zones (EPZ) such as the one in Mariveles, Bataan where the newest soybean crusher, the Hui-Shing Philippine Corp. (HSPC), is located. Monitoring of most imports through these zones are less rigorous than usual.

Soybean imports in 2001 are expected to decline from their 2000 level as the global oversupply of oils is expected to extend through 2002. Bean imports are likely to remain flat the following year or in 2002.

Import Trade Matrix			
Country	Philippines		
Commodity	Oilseed, Soybean		
Time period	Jan-Dec	Units:	Tons
Imports for:	1999		2000
U.S.	244,534	U.S.	217,147
Others		Others	
USR	8,745	Indonesia	13,018
Canada	7,012	Canada	8,976
China	2,050	Argentina	6,600
Thailand	143	China	1,960
Taiwan	49	Australia	1,067
Total for Others	17,999		31,621
Others not Listed	61		417
Grand Total	262,594		249,185

Source: National Statistics Office

There currently exists vigorous attempts by groups against biotechnology and genetic engineering to pass legislation ranging from a ban on the entry and release of GMO's and products derived from them into the environment to mandatory labeling of GMO products. The possibility of enacting any of them into law is low but represents the single most significant barrier in increasing U.S. soybeans sales in the future.

Stocks, Oilseeds

Mainly because of good copra production and limited shipping space for CNO exports (refer to STOCKS, Oils), copra stocks entering MY00/01 will be very high. A good deal off these stocks are expected to eventually be part of losses due to spoilage, Stocks are expected to decline through MY01/02 although will still be high compared to the level of traditional years.

Policy, Oilseeds

Tariffs for copra remain unchanged in 2001 compared to the previous year at 15 percent, to go down to 10 percent in 2002, 7 percent in 2003, and 5 percent in 2004. Duties for soybean remain unchanged at 3 percent from 2001 to 2004 but may be imported tariff free if brought for use under the Agricultural and Fisheries Modernization Law (AFMA).

Because of the very low copra prices, recently installed President Gloria M. Arroyo announced she will adopt the previous administration's scheme to assist poor coconut farmers. The Philippine Coconut Authority (PCA)

under the previous administration prepared an assistance program but failed to implement it due to funding difficulties and legal complications. Executive Order No. 312 (EO 312) by former President Estrada required the GOP to source funding for the program from the sale of the 27 percent sequestered stake in San Miguel Corporation (SMC) which were allegedly acquired using the controversial coconut levy fund. The fund, estimated at P50 billion, however, can not be sold until their rightful owners are identified according to the local anti-graft court.

Recommended by DA Secretary Leonardo Montemayor, President Arroyo reportedly is set to sign a new EO specifying that the coconut levy fund is a public fund and will be monitored by the PCA. Under the new EO, the PCA Board will replace the multi-sectoral task force which, under EO 313 signed by then President Estrada, was supposed to oversee the operations of the fund. Secretary Montemayor stands as ex-officio Chairman of the Board of the PCA.

In the meantime, President Arroyo last March launched the Coconut Farmers Food Access Program (CFFAP) to help coconut farmers and their families adversely affected by the current low copra prices. The program will be spearheaded by the DA through the National Food Authority (NFA) and the PCA in coordination with the Department of Interior and Local Government (DILG) and the Department of Social Welfare and Development (DSWD). According to DA Secretary Montemayor, the program initially will bring low-priced rice direct to poor coconut farmers but will later be expanded to include other food items like sardines, milk, sugar, coffee, cooking oil and noodles. An initial P90 (\$1.8) million reportedly has been allocated for the program which will cover the provinces of Samar, Siquijor, Romblon, Aurora, Masbate, Catanduanes and Sulu.

In the area of biotechnology, current Philippine research programs include increasing medium chain fatty acids of coconuts. Progress of the research, however, has slowed down as a result of anti-biotechnology advocates aggressively campaigning for a moratorium on biotechnology field tests.

PSD Table						
Country	Philippines					

Commodity	Oilseed, Copra			(K HA)(K TREES)(K MT)		
	Revised	1999		2000	Forecast	2001
	Old	New		New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Planted	3150	3150	3150	3150	0	3150
Area Harvested	2900	2900	2900	2900	0	2900
Trees	283500	283500	283500	283475	0	283400
Beginning Stocks	5	5	10	182	0	152
Production	2000	2350	2000	2500	0	1900
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	2005	2355	2010	2682	0	2052
MY Exports	35	3	50	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	1960	2150	1950	2500	0	1900
Food Use	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	0	20	0	30	0	10
Total Dom. Consumption	1960	2170	1950	2530	0	1910
Ending Stocks	10	182	10	152	0	142
TOTAL DISTRIBUTION	2005	2355	2010	2682	0	2052
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Philippines					

Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)	
	Revised	1999	Prelim.	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Planted	6	1	1	1	0	1
Area Harvested	1	1	1	1	0	1
Beginning Stocks	30	30	40	40	0	60
Production	1	1	1	1	0	1
MY Imports	460	460	510	420	0	420
MY Imp. from U.S.	443	443	465	400	0	400
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	491	491	551	461	0	481
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	420	420	475	380	0	400
Food Use Dom. Consum.	30	30	32	20	0	20
Feed,Seed,Waste Dm.Cn.	1	1	2	1	0	1
TOTAL Dom. Consum.	451	451	509	401	0	421
Ending Stocks	40	40	42	60	0	60
TOTAL DISTRIBUTION	491	491	551	461	0	481
Calendar Year Imports	0	460	0	420	0	420
Calendar Yr Imp. U.S.	0	443	0	400	0	400
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production, Oilmeals

Copra meal production was adjusted upwards in MY99/00 due to similar adjustments made to copra crush. Production the following year or in MY00/01 will again increase commensurate to the expected increase in copra crush. Production will likely decline in MY01/02 as coconut palms are expected to take a "rest" and bear fewer nuts.

Philippine soybean meal (SBM) production, on the other hand, will decline in 2001 as local crushers are expected to continue experiencing marketing problems with their soybean oil. SBM production will likely remain flat in 2002 as the supply of vegetable oils in the world market is expected to remain high.

Information on Philippine fishmeal production is not readily available and production figures on the table are Post estimates. Fish meal production will likely register marginal increases through 2002 as demand for aquaculture feeds increases moderately.

Consumption, Oilmeals

According to the Bureau of Agricultural Statistics (BAS), Philippine agriculture expanded by 3.5 percent in 2000 with all subsectors growing from their year-ago levels. The livestock industry, particularly hogs, continued its positive growth (3.0 percent) during the year although it slowed down from the previous years level (4.3 percent). For poultry, there was a considerable surge in chicken and egg production as the local industry grew by 5.7 percent last year from a feeble 1.0 percent expansion in 1999. The aquaculture industry likewise performed impressively in 2000 with a 3.0 percent growth after contracting 1.0 percent the previous year.

The above subsectors are expected to further grow in 2001 as global outbreaks of livestock diseases have resulted in the ban on livestock, their meat and meat products particularly from Europe. While media reports are quick to point to a decline in red meat demand as a result of the livestock diseases reported in other countries, the decline is more felt in the beef market and is temporary. Pork demand is not as negatively affected as the country occasionally experiences its own FMD outbreaks as compared to BSE which is alien to the average consumer and has received negative publicity recently. Shifting from beef to pork, poultry meat and even fish is expected. While a slowdown in commercial feed demand was observed early this year, it was more the effect of the weakening of the Peso and is temporary. Feed demand is expected to pick up in the coming months as election-related spending will likely raise meat consumption. Congressional and local government elections are scheduled in May and coincides with the "fiesta" or local thanksgiving season. SBM consumption will likely increase through 2002 as demand for other protein meals are likely to decline as a result of developments pertinent to livestock production and trade in other parts of the world (refer to POLICY, Oilmeals).

The country produces around 6 million tons of commercial feeds annually. Of this figure, roughly 55 percent of are hog feeds while poultry feeds account for around 40 percent. Industry contacts estimate the national average SBM requirement to be around 90,000 MT monthly or an annual SBM requirement of around 1MMT. This figure will likely increase through 2002.

Trade, Oilmeals

Mainly due to better copra supply and increased copra crush, copra meal exports surged 89 percent from 275,000 tons in 1999 to 510,000 tons in 2000. Korea was the main destination of copra meal exports during both years. On a market year basis, exports are expected to increase in MY00/01 due to better copra supply and decline in MY01/02 as copra supply is expected to decline from their year ago level.

Export Trade Matrix			
Country	Philippines		
Commodity	Meal, Copra		
Time period	Jan-Dec	Units:	Tons
Exports for:	1999		2000
U.S.		U.S.	2,000
Others		Others	
Korea	117,172	Korea	283,934
Netherlands	58,723	Netherlands	84,050
UK	36,000	Germany	56,631
Germany	31,000	Vietnam	22,726
Singapore	14,460	UK	20,750
Italy	6,500	Singapore	16,720
Japan	4,434	India	15,676
Indonesia	6,400	Taiwan	9,276
Total for Others	274,689		509,763
Others not Listed	6,120		18,680
Grand Total	280,809		530,443

Source: National Statistics Office & United Coconut Associations of the Philippines, Inc.

Like soybean imports, imports of SBM in 2000 as recorded by the NSO were significantly lower than the feedback number. The U.S. had an 87 percent share of all SBM imports in 2000 according to the NSO. SBM imports in 2001 through 2002 are expected to increase as the local hog, poultry, and aquaculture industries are expected to further grow. However, in the light of the weakening Peso, importers are expected to increase their purchases of cheaper Indian and South American soymeal. The U.S. soymeal market share will likely decline in 2001 because of this.

Import Trade Matrix			
Country	Philippines		
Commodity	Meal, Soybean		
Time period	Jan-Dec	Units:	Tons
Imports for:	1999		2000
U.S.	691,256	U.S.	757,183

Others		Others	
India	37,823	Argentina	39,900
TTP	13,499	India	33,201
		Brazil	16,940
		New Zealand	11,440
		Singapore	7,650
Total for Others	51,322		109,131
Others not Listed	199		248
Grand Total	742,777		866,562

Source: National Statistics Office

According to a study by the University of Asia and the Pacific (UAP) fish meal importation fluctuated from 1995 to 1999. Imports ranged from a high of 120,000 tons in 1995 to a low of 40,000 tons in 1998. Imports grew to 70,000 tons in 1999 and in 2000 reached 80,000 tons. Peru is the consistent market leader of fish meal exports to the country and a ban by Peru on fishmeal exports will likely result in a decline in fishmeal imports in 2001. Imports will likely increase the following year as the export ban by then will likely have been lifted.

Import Trade Matrix			
Country	Philippines		
Commodity	Meal, Fish		
Time period	Jan-Dec	Units:	Tons
Imports for:	1999		2000
U.S.	5,141	U.S.	6,445
Others		Others	
Peru	59,366	Peru	63,885
Chile	2,291	Chile	6,257
Taiwan	1,150	Ecuador	847
Australia	943	Denmark	529
		Australia	406
		Taiwan	328
Total for Others	63,750		72,252
Others not Listed	907		867
Grand Total	69,798		79,564

Source: National Statistics Office

Stocks, Oilmeals

Copra meal stocks entering MY00/01 will be very high and will even be higher at the end of the year as a result of the surge in copra crush. A considerable portion of copra meal stocks will likely end up as losses due to spoilage. For SBM, although stocks are expected to be relatively high entering 2001, strong feed demand will likely result in a decline in SBM stocks at the end of the year. Year-end stocks will likely be flat in 2002 as compared to the previous year's level.

Policy, Oilmeals

The outbreak of livestock diseases (BSE, FMD, etc.) particularly in Europe has led to several trade restrictions imposed by the GOP which is expected to give the growing domestic livestock industry adequate space for further growth in the future. Last March 14, the GOP banned the importation into the country live cattle, pigs, sheep, goats and other FMD-susceptible animals, their uncooked meat and meat products, including meat and bone meal (MBM,) originating from Europe (refer to RP1019). While there are rumors that the GOP will be expanding the ban to cover even MBM from the U.S., this has yet to materialize and remains as such - a rumor. The ban on European MBM coupled with Peru's implementing its own ban on fishmeal exports up to April 10, 2001 (but may be extended for an indefinite period) will likely result in higher SBM inclusion rates in animal feed formulations in 2001 onwards.

Like copra, duties for copra meal are at 15 percent in 2001, 10 percent in 2002, 7 percent in 2003, and 5 percent in 2004. SBM tariffs are at a constant 3 percent from 2001 through 2004 but like soybeans, may be brought in brought in duty-free if for use under the Agricultural and Fisheries Modernization Law (AFMA).

Marketing, Oilmeals

Post has began negotiations with the GOP for a \$20 million P.L. 480 Title 1 Agreement for FY2001. The agreement initially included the following components: a \$10 million for SBM (approximately 44,200 tons), \$8 million for rice (approximately 33,300 tons), and \$2 million for feed peas (approximately 6,700 tons). The GOP, however, has indicated its desire for more SBM in lieu of rice. Feed peas, which is both a source of energy and protein in animal feed rations is not seen as to significantly displace SBM imports. Negotiations are currently underway.

PSD Table						
Country	Philippines					
Commodity	Meal, Copra			(1000 MT)(PERCENT)		

	Revised	1999	Prelim.	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Crush	1960	2150	1950	2430	0	1900
Extr. Rate, 999.9999	0.316327	0.318605	0.323077	0.320988	0	0.315789
Beginning Stocks	133	133	158	197	0	192
Production	620	685	630	780	0	600
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	753	818	788	977	0	792
MY Exports	465	441	525	575	0	450
MY Exp. to the EC	300	154	325	300	0	160
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consm.	0	0	0	0	0	0
Feed Waste Dom. Consum.	130	180	145	210	0	170
TOTAL Dom. Cons.	130	180	145	210	0	170
Ending Stocks	158	197	118	192	0	172
TOTAL DISTRIBUTION	753	818	788	977	0	792
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	493	0	685	0	500
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Philippines					
Commodity	Meal, Soybean			(1000 MT)(PERCENT)		

	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Crush	420	420	475	380	0	380
Extr. Rate, 999.9999	0.797619	0.797619	0.795789	0.789474	0	0.789474
Beginning Stocks	64	64	84	84	0	64
Production	335	335	378	300	0	300
MY Imports	1095	1095	1150	1200	0	1350
MY Imp. from U.S.	980	980	1000	1020	0	1120
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1494	1494	1612	1584	0	1714
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	1410	1410	1520	1520	0	1650
TOTAL Dom. Consumption	1410	1410	1520	1520	0	1650
Ending Stocks	84	84	92	64	0	64
TOTAL DISTRIBUTION	1494	1494	1612	1584	0	1714
Calendar Year Imports	0	1095	0	1200	0	1350
Calendar Yr Imp. U.S.	0	980	0	1080	0	1215
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Philippines					
Commodity	Meal, Fish				(1000 MT)(PERCENT)	

	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Catch For Reduction	0	0	0	0	0	0
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	5	5	5	5	8	5
Production	12	12	13	13	0	14
MY Imports	90	90	85	97	0	100
MY Imp. from U.S.	0	6	0	7	0	8
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	107	107	103	115	8	119
MY Exports	0	0	2	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	102	102	93	110	0	115
TOTAL Dom. Consumption	102	102	93	110	0	115
Ending Stocks	5	5	8	5	0	4
TOTAL DISTRIBUTION	107	107	103	115	0	119
Calendar Year Imports	0	90	0	97	0	100
Calendar Yr Imp. U.S.	0	6	0	7	0	8
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Production, Oils

CNO production in MY99/00 was raised due to upward revisions made to copra crush. CNO production the following year will again surge but will decline in MY01/02 as copra output declines during the year. SBO production, on the other hand, will likely decline in 2001 as the three domestic crushers are expected to continue

to encounter stiff competition from cheaper SBO imports.

Consumption, Oils

According to the UAP study, the majority of local oil consumption consists of manufactured oil (62 percent), oil for oleochemicals (20 percent), home made oil/foodnuts (18 percent), and other non-oil products. The share of cooking oil to total manufactured oil was estimated at 84 percent, the remaining 16 percent was consumed in the form of coconut oil-based products (shortening, margarine, laundry soap, etc.). Edible coconut oil accounts for around 90 percent of the cooking oil market. Domestic demand for edible oil is projected by industry experts at 4 to 5 percent annually according to the UAP study. The majority of edible oil consumption would be coconut oil.

Demand for coconut oil for industrial use has been increasing. Major international detergent and bath soap manufacturers are shifting to natural alcohol and coco-based fatty acids. Oleochemicals from coconut oil are largely used in the personal care and cosmetics industries commanding better prices. The latter is expected to gradually increase as the GOP requires all detergent manufacturers that 60 percent of their raw materials must come from coconut fatty acids, a bio-degradable product.

The GOP under the Arroyo Administration initially had targeted a GDP growth of 3.8 to 4.3 percent this year after achieving a 3.9 percent GDP growth in 2000. After a weak first quarter economic performance (estimated at 2.0 to 2.5 percent) and the perceived slow down of the Japanese and U.S. economies, the GOP has opted for the lower end of the targeted range. Upon review, however, the International Monetary Fund (IMF) believes a GDP target of 3.3 percent is more realistic. The Asian Development Bank (ADB), on the other hand, believes that GDP will even be lower at 3 percent this year. What is common to all three predictions is that the Philippine economy will slowdown in 2001. For 2002, government analysts place GDP at 4.5 percent while the ADB predicts a GDP of 4 percent.

Trade, Oils

As a result of improved copra supply and increased copra crush, CNO exports grew 27 percent in 2000 from the previous year's level. Exports are likewise expected to increase in 2001 due to higher copra supply but will be expected to decline in 2002 due to the likely decline in copra output.

Export Trade Matrix			
Country	Philippines		
Commodity	Oil, Coconut		
Time period	Jan-Dec	Units:	Tons
Exports for:	1999		2000
U.S.	231,504	U.S.	441,649
Others		Others	
Netherlands	142,927	Netherlands	331,223
Japan	29,505	Malaysia	77,870
Singapore	20,550	Japan	39,342

Italy	12,000	Indonesia	38,400
France	11,000	Taiwan	30,395
Germany	7,029	Italy	25,120
China	5,366	Ireland	12,000
Taiwan	4,990	China	11,348
Malaysia	4,000	Singapore	7,000
Korea	3,000	Canada	5,670
Total for Others	240,367		578,368
Others not Listed	6,704		17,441
Grand Total	478,575		1,037,458

Source: National Statistics Office & United Coconut Associations of the Philippines, Inc.

According to the NSO, only a thousand tons of SBO were exported in 2000 to China - way below the feedback export figure. This exportation likely was the produce of HSPC. Exports will likely decline in 2001 and remain flat through 2002 as increased soybean production worldwide will likely drag down SBO prices. Imports of SBO, on the other hand, dropped 56 percent from 53,000 tons in 1999 to 23,000 tons in 2000 based on data from the NSO. Imports are predicted to increase through 2002 as a result of the global oversupply.

Import Trade Matrix			
Country	Philippines		
Commodity	Oil, Soybean		
Time period	Jan-Dec	Units:	Tons
Imports for:	1999		2000
U.S.	192	U.S.	26
Others		Others	
Malaysia	42,339	Malaysia	15,019
Singapore	7,083	Thailand	4,057
Thailand	1,532	Singapore	3,345
Hongkong	1,515	Canada	256
Canada	434	Korea	232
Total for Others	52,903		22,909
Others not Listed	146		324
Grand Total	53,241		23,259

Source: National Statistics Office

The Philippines is a net oil importer of palm oil products including palm oil, palm kernel oil, hydrogenated vegetable oil, and stearic acid. Imports ranged from 13,300 to 78,900 tons in the 5 years from 1995. Refined

palm oil and hydrogenated vegetable oil account for the bulk of imports. Imports which account for about 40 percent of supply may increase further given the limited area expansion being done.

Import Trade Matrix			
Country	Philippines		
Commodity	Oil, Palm		
Time period	Jan.-Dec.	Units:	Tons
Imports for:	1999		2000
U.S.	9	U.S.	3
Others		Others	
Malaysia	45,328	Malaysia	61,295
Singapore	11,825	Singapore	2,461
Netherlands	1,708	Hongkong	1
Taiwan	1,528		
Indonesia	1,390		
Total for Others	61,779		63,757
Others not Listed	20		0
Grand Total	61,808		63,760

Source: National Statistics Office

Palm oil exports have been minimal since 1990 and shipments, in the form of palm nuts, palm kernel and crude palm kernel oil, were mostly bound for Malaysia.

Stocks, Oils

Because the majority of CNO produced is destined for the export market, most mills are experiencing limited storage capacity. With abundant copra supply, however, coupled with shipping space constraints, CNO plants are forced to operate intermittently or close down their operations. Millers reportedly have had difficulty in disposing of existing stocks since shipping companies are giving priority to the shipment of petroleum and chemicals whose manufacturers are willing to pay higher freight costs. CNO sales, therefore, are not only competing with palm oil and coconut oil from Malaysia and Indonesia which have increased output but also with petroleum and chemicals for shipping space.

Policy, Oils

Executive Order No. 334 (EO 334) issued last January 2001 outlined the duties for selected agricultural items for 2001 through 2004 (refer to RP1004). Tariffs for palm and coconut oil under EO 334 are 15 percent in 2001, 10 percent in 2002, 7 percent in 2003, and 5 percent in 2004. Duties for SBO imports, on the other hand, are at 3 percent from 2001 through 2004.

In a letter to the new Department of Trade and Industry (DTI) Secretary Manuel A. Roxas II, the Coconut Oil Refiners Association Inc. (CORA) complained that lowering tariffs on imported palm oil means that the local coconut industry will have to contend with stiff competition from Malaysia and Indonesia. CORA President Mr. Jesus L. Arranza wants the DTI to convince the Tariff and Related Matters (TRM) committee to amend the EO and place palm and coconut oil tariffs at 20 percent for 2001 and 2002. Palm oil growers, however, want government to retain until 2003 its 15 percent duty on vegetable oils brought in the country.

Also last August 2000, the Philippine Senate approved on 2nd reading SB No. 1168 which prohibits the manufacture and sale of laundry detergents containing hard surfactants, or surface-active agents.

PSD Table						
Country	Philippines					
Commodity	Oil, Coconut			(1000 MT)(PERCENT)		
	Revised	1999	Prelim.	2000	Forecast	2001
	Old	New	Old	New	Old	New

Market Year Begin		10/1999		10/2000		10/2001
Crush	1960	2150	1950	2500	0	1900
Extr. Rate, 999.9999	0.632653	0.627907	0.633333	0.633745	0	0.626316
Beginning Stocks	14	14	25	174	0	243
Production	1240	1350	1235	1584	0	1190
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1254	1364	1260	1758	0	1433
MY Exports	929	845	940	1150	0	1000
MY Exp. to the EC	320	293	350	310	0	295
Industrial Dom. Consum	80	85	75	90	0	95
Food Use Dom. Consum.	210	240	220	250	0	255
Feed Waste Dom. Cons.	10	20	10	25	0	25
TOTAL Dom. Consum.	300	345	305	365	0	375
Ending Stocks	25	174	15	243	0	58
TOTAL DISTRIBUTION	1254	1364	1260	1758	0	1433
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	479	0	1037	0	900
Calndr Yr Exp. to U.S.	0	232	0	442	0	500

PSD Table						
Country	Philippines					
Commodity	Oil, Soybean		(K MT)(PERCENT)			
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New

Market Year Begin		01/2000		01/2001		01/2002
Crush	420	420	475	380	0	380
Extr. Rate, 999.9999	0.178571	0.178571	0.178947	0.178947	0	0.178947
Beginning Stocks	24	24	22	22	0	29
Production	75	75	85	68	0	68
MY Imports	30	30	30	35	0	40
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	129	129	137	125	0	137
MY Exports	34	34	40	20	0	20
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	8	8	7	9	0	10
Food Use Dom. Consump.	65	65	70	67	0	70
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	73	73	77	76	0	80
Ending Stocks	22	22	20	29	0	37
TOTAL DISTRIBUTION	129	129	137	125	0	137
Calendar Year Imports	0	30	0	35	0	40
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0